

Message Text

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PAGE 01 STATE 074620
ORIGIN EB-08

INFO OCT-01 AF-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15
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-----098024 230707Z /16

P 230023Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, KE

SUBJECT: CIVAIR: FARES BETWEEN US AND KENYA

REF: (A) NAIROBI 3348, (B) STATE 310177 OF 12/30/77

1. DEPARTMENT HAS NOTED REF A REPORT OF GOK DISCUSSIONS WITH PAN AM AND PAN AM STATEMENT THAT NEXT STEP IN SUCH DISCUSSIONS HAD TO BE GOVERNMENT TO GOVERNMENT NEGOTIATIONS. APPARENTLY SUCCHI BASED THIS STATEMENT ON HIS CONTENTION AS REPORTED IN PARA 2, REF A, THAT QUOTE IATA REVIEW OF PROPOSED FARES NORMALLY INITIATED BY INTERESTED GOVERNMENTS UNQUOTE.

2. CAB INFORMS DEPT THAT CURRENT IATA AGREEMENT, ON
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PAGE 02 STATE 074620

WHICH PAN AM'S KINYAN FARES ARE BASED, EXPIRES AT END OF MARCH. AIRLINES INVOLVED IN PROVIDING SERVICE TO AFRICA HAVE NOT YET REACHED NEW IATA AGREEMENT. IF NO IATA AGREEMENT REACHED, "OPEN RATE" SITUATION WILL PREVAIL AND PAN AM WILL BE FREE TO FILE WHATEVER TARIFFS IT FEELS ARE APPROPRIATE. IF, HOWEVER, AN IATA AGREEMENT ON AFRICAN FARES IS REACHED, USG THEN MUST

APPROVE OR DISAPPROVE SUCH AN AGREEMENT. IF CAB APPROVES SUCH AN IATA AGREEMENT, THEN PAN AM MAY FILE THE IATA AGREED FARES AND THE CAB WILL APPROVE THEM.

IF, ON THE OTHER HAND, THE CAB, FOR WHATEVER REASON, DISAPPROVES SUCH AN IATA AGREEMENT, THEN THE CAB WILL DISAPPROVE ANY PAN AM FARE FILED PURSUANT TO THE IATA AGREEMENT. DE FACTO OPEN RATE SITUATION WOULD THEN EXIST. POINT TO EMPHASIZE HERE IS THAT IATA AGREEMENTS ARE NOT FILINGS. CARRIERS MUST FILE FARES WITH THE RESPECTIVE GOVERNMENTS CONCERNED, WITH OR WITHOUT AN IATA AGREEMENT. INITIATIVE IN SUCH FILINGS RESTS WITH THE CARRIER, NOT WITH THE GOVERNMENT. AGAINST THIS BACKGROUND, IT DOES SEEM THAT PAN AM IS NOT BEING ENTIRELY STRAIGHTFORWARD WITH SHITAKA RE PAN AM'S ROLE AND ROLES OF GOK AND USG IN FARES QUESTIONS.

3. DEPARTMENT HAS BEEN CONTACTED BY KENYAN EMBOFF RE PROPOSED VISIT TO WASHINGTON BY GOK OFFICIALS TO DISCUSS THIS QUESTION. WE HAVE INFORMED KENYAN EMBASSY OF SUBSTANCE OF PARA 2 THIS MESSAGE RE USG ROLE IN FARES. WHILE USG NOT OPPOSED IN PRINCIPLE TO MEETING WITH APPROPRIATE GOK OFFICIALS TO CLARIFY FACTUAL SITUATION REGARDING PROCEDURES OF SETTING FARES, WE WOULD HOPE THAT THE QUESTION OF FARE LEVELS COULD BE RESOLVED BETWEEN PAN AM AND THE GOK IN LIMITED OFFICIAL USE

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PAGE 03 STATE 074620

NAIROBI. IN ADDITION, TIME FRAME PROPOSED BY GOK CONFLICTS WITH OTHER NEGOTIATIONS TAKING PLACE AT SAME TIME. IN WASHINGTON.

4. FOR THESE REASONS, DEPT IS AGAIN ASKING EMBASSY TO ENCOURAGE PAN AM-GOK DISCUSSIONS RE FARES. DEPT HAS SO ADVISED LOCAL PAN AM REPS OF SITUATION IN KENYA AND SUBSTANCE OF THIS MESSAGE. DEPT DOES NOT WISH TO SEE GOK FORCE UNWANTED, UNDULY LOW FARES UPON PAN AM. THIS WOULD NOT BE ACCEPTABLE TO USG. ON THE OTHER HAND, DEPT DOES NOT WISH TO SEE PAN AM AVOID THE ISSUE BY CLAIMING THAT IT IS A GOVERNMENT TO GOVERNMENT MATTER. DEPT HAS SUGGESTED TO PAN AM THAT PERHAPS ITS LONG-TERM INTERESTS IN KENYA WOULD BE SERVED BETTER BY DISCUSSING FARES QUESTION IN RESPONSIVE MANNER WITH GOK RATHER THAN BY ENGAGING IN

EVASIVE VERBAL FOOTWORK.

5. ACTION REQUESTED: EMBASSY SHOULD DRAW ON ABOVE MESSAGE IN PROVIDING REQUESTED CLARIFICATION TO GOK OFFICIALS. DEPT WOULD PREFER TO HANDLE THIS

QUESTION THROUGH EMBASSY IN NAIROBI AND KENYAN EMBASSY
HERE WHICH WE WILL APPRISE OF THIS MESSAGE. EMBASSY
SHOULD ATTEMPT POLITELY BUT FIRMLY TO STEER GOK BACK
TOWARD PAN AM WITHOUT AT SAME TIME MAKING PAN AM

APPEAR IN BAD LIGHT.

6. COMMENT: USG POLICY OF ENCOURAGING LOW FARES
DOES NOT IMPLY THAT WE WILL FORCE OR ACQUIESCE IN
GOVERNMENTS FORCING US CARRIERS TO FLY FARES THE
CARRIERS FEEL ARE NOT ECONOMICALLY JUSTIFIABLE.
DEPT SEES NO INDICATION AT PRESENT THAT THIS IS GOK
INTENTION. HOWEVER, FACT THAT PAN AM IS ONLY US
CARRIER SERVING KENYA ON SCHEDULED SERVICE MAY OFFER
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PAGE 04 STATE 074620

TO GOK ATTRACTIVE PROSPECT OF ACQUIRING TOURIST-PROMOTING
LOWER FARES AT NO REVENUE COST TO ANY KENYAN AIRLINE. VANCE

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Message Attributes

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Disposition History: n/a
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